

FEDERAL GRAIN, LIMITED

Seventh Annual Report of the Directors

YEAR ENDED 31st JULY, 1936

TO THE SHAREHOLDERS:

Your Directors present herewith Financial Statements of the Company for the year ended 31st July, 1936, including the Balance Sheet certified by your Auditors, Messrs. George A. Touche and Co.

Statement of Income and Expenditure shows that after meeting expense of operation and providing depreciation of \$439,286.10; bond interest and exchange of \$217,136.29 and making allowance for other charges, net loss for the year amounted to \$9,457.77. This amount has been transferred to Surplus Account, reducing the balance carried forward to \$476,048.02.

Working capital position was further improved during the year by \$274,531.91. Current assets now exceed current liabilities by \$1,491,673.62.

The General Mortgage 6% Debentures of \$1,000,000.00 created in 1930, and pledged with the Company's bankers as collateral, have been released by the banks and are now in process of being cancelled.

In accordance with Sinking Fund provisions \$130,000.00 par value First Mortgage Bonds were redeemed at a cost of \$120,962.13 to the Company.

Properties and equipment have been maintained in good repair. Four elevators were rebuilt at more advantageous points. Cleaners and air dumps were installed in a number of elevators.

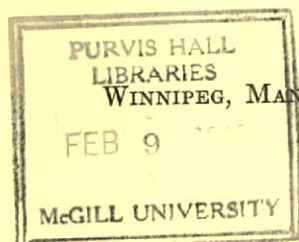
Grain marketed during the year under review was approximately the same in volume as the preceding season. Drought was again prevalent over Western Canada during the Summer of 1936. Poor crop yields coupled with the smaller quantities of grain in storage in your country and terminal elevators will adversely affect earnings during the current year.

Your Directors desire to express appreciation of the loyal and efficient services rendered by all Country Elevator Agents, Employees, Managers and Officers of the Company.

On behalf of the Board of Directors,

H. E. SELLERS,

President.



FEDERAL GR

BALANCE SHEET

ASSETS

CURRENT ASSETS:		
CASH in transit and with Paying Agents, etc.		\$37,705.09
ACCOUNTS RECEIVABLE:		
Department of Agriculture, Regina	\$67,365.90	
General Accounts	21,943.46	
Lake Shippers' Clearance Association	4,209.54	
Agents' Cottage Loans	2,945.17	
Employees' Accounts	1,811.58	
		98,275.65
ADVANCES SECURED BY GRAIN		83,572.29
STOCKS ON HAND, AS CERTIFIED BY RESPONSIBLE OFFICIALS:		
Grain, less stored grain: valued on the basis of market quotations of 31st July 1936, country stocks adjusted for freight, handling and carrying charges	\$2,844,824.11	
Wheat purchased for account of The Canadian Wheat Board, at Board prices less freight	33,353.23	
Coal, at the lower of cost or market value	9,202.93	
Feed Grain, at market values	2,087.18	
		2,889,467.45
ACCRUED EARNINGS		31,549.99
PREPAID EXPENSES		31,878.82
		\$3,172,449.29
INVESTMENTS:		
Sundry Stocks at book values		55,711.95
BONDS OF THE COMPANY purchased in anticipation of Sinking Fund		
Par \$132,000.00—cost		129,022.50
MEMBERSHIPS, AT COST		86,001.00
PROPERTIES:		
Terminal and Country Elevators, Coal Sheds, Dwellings, Flour Sheds, Automobiles, Furniture and Miscellaneous Equipment, at cost	\$8,711,654.06	
Less Reserve for Depreciation	2,127,615.71	
		6,584,038.35
DEFERRED CHARGES:		
Organization Expenses, less proportion written off		20,000.00
		\$10,047,223.09

AUDITOR

To the Shareholders:

Federal Grain, Limited,
Winnipeg, Manitoba.

We have examined the foregoing Balance Sheet of Federal Grain, Limited, with the books and vouchers.

We further report that in our opinion the Balance Sheet is properly drawn up so as to exhibit a true and correct statement of the assets and liabilities of the Company, and the explanations given to us, and as shown by the books of the Company.

Winnipeg, 9th September, 1936.

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AT 31st July, 1936

LIABILITIES AND CAPITAL

CURRENT LIABILITIES:

Bank Loans and Outstanding Cheques, less Current Account balances (secured).....	\$1,102,419.56
Sundry Creditors (of which amount \$98,237.62 is secured).....	552,614.43
Accrued Taxes.....	25,741.68
	\$1,680,775.67

FIRST MORTGAGE SINKING FUND GOLD BONDS:

Authorized.....	\$6,000,000.00	
Issued, Series A 6%, maturing 1st August 1949.....	\$4,250,000.00	
Less Redeemed through Sinking Fund.....	726,000.00	
		3,524,000.00
BOND REDEMPTION RESERVE.....		116,399.40

CAPITAL:

Authorized—		
40,000 6½% Cumulative Preference Shares of \$100.00 each, redeemable at the Option of the Company.....		
160,000 Class A Common Shares of No Par Value.....		
40,000 Class B Common Shares of No Par Value.....		
Issued and fully paid—		
30,000 Preference Shares.....	\$3,000,000.00	
200,000 Common Shares		
Amount apportioned as Capital.....	1,250,000.00	
		4,250,000.00

DISTRIBUTABLE SURPLUS, balance at 31st July 1935 (unchanged).....	\$457,500.00	
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EARNED SURPLUS:

Balance at 31st July 1935.....	\$28,005.79	
Deduct Loss for the year ended 31st July, 1936..	9,457.77	
		18,548.02
		476,048.02

Cumulative Preference Dividends not paid since 1st February 1931

Approved on behalf of the Board.

H. E. SELLERS, *Director*

T. H. RATHJEN, *Director*

\$10,047,223.09

REPORT

relating thereto, and we report that we have obtained all the information and explanations we have required.
and correct view of the state of the Company's affairs at 31st July, 1936, according to the best of our information

GEORGE A. TOUCHE & CO.

*Chartered Accountants,
Auditors.*

Federal Grain, Limited

STATEMENT OF INCOME AND EXPENDITURE

For the Year Ended 31st July, 1936

Income from the Company's operations (after providing for Depreciation on Properties and Equipment, but before taking into account the items shown below).....	\$251,178.83
Income from Investments.....	22,086.44
	<u>\$273,265.27</u>
Less: Bond Interest.....	\$211,440.00
Bond Interest Premiums.....	5,696.29
Executive Salaries.....	44,001.74
Directors' Fees.....	1,500.00
Legal Fees.....	1,307.70
	<u>263,945.73</u>
Net Operating Profit.....	\$ 9,319.54
Less: Proportion of organization expenses written off.....	\$7,500.00
Loss on wrecking and re-building elevators, etc., (net).....	11,277.31
	<u>18,777.31</u>
Loss for the year.....	<u>\$ 9,457.77</u>

Note: The provision made for Depreciation of Properties and Equipment amounted to \$439,286.10.

DIRECTORS

H. E. SELLERS, *President and Managing Director.*

A. THOMSON, *Vice-President.*

H. J. SYMINGTON

A. H. WILLIAMSON

W. A. ANDERSON

T. H. RATHJEN

F. E. TOPPER

V. W. TRYON

Secretary E. W. NEVILLE

Treasurer: T. H. RATHJEN

Asst. Treasurer: R. C. GAGE

Registrar - - - -THE ROYAL TRUST COMPANY, Toronto, Montreal and Winnipeg.

Transfer Agents - {THE MONTREAL TRUST COMPANY, Toronto and Montreal;
THE NORTHERN TRUST Co., Winnipeg.

Auditors - - - -GEORGE A. TOUCHE & Co.

Solicitors - - - -HUDSON, ORMOND, SWIFT & McLEOD.